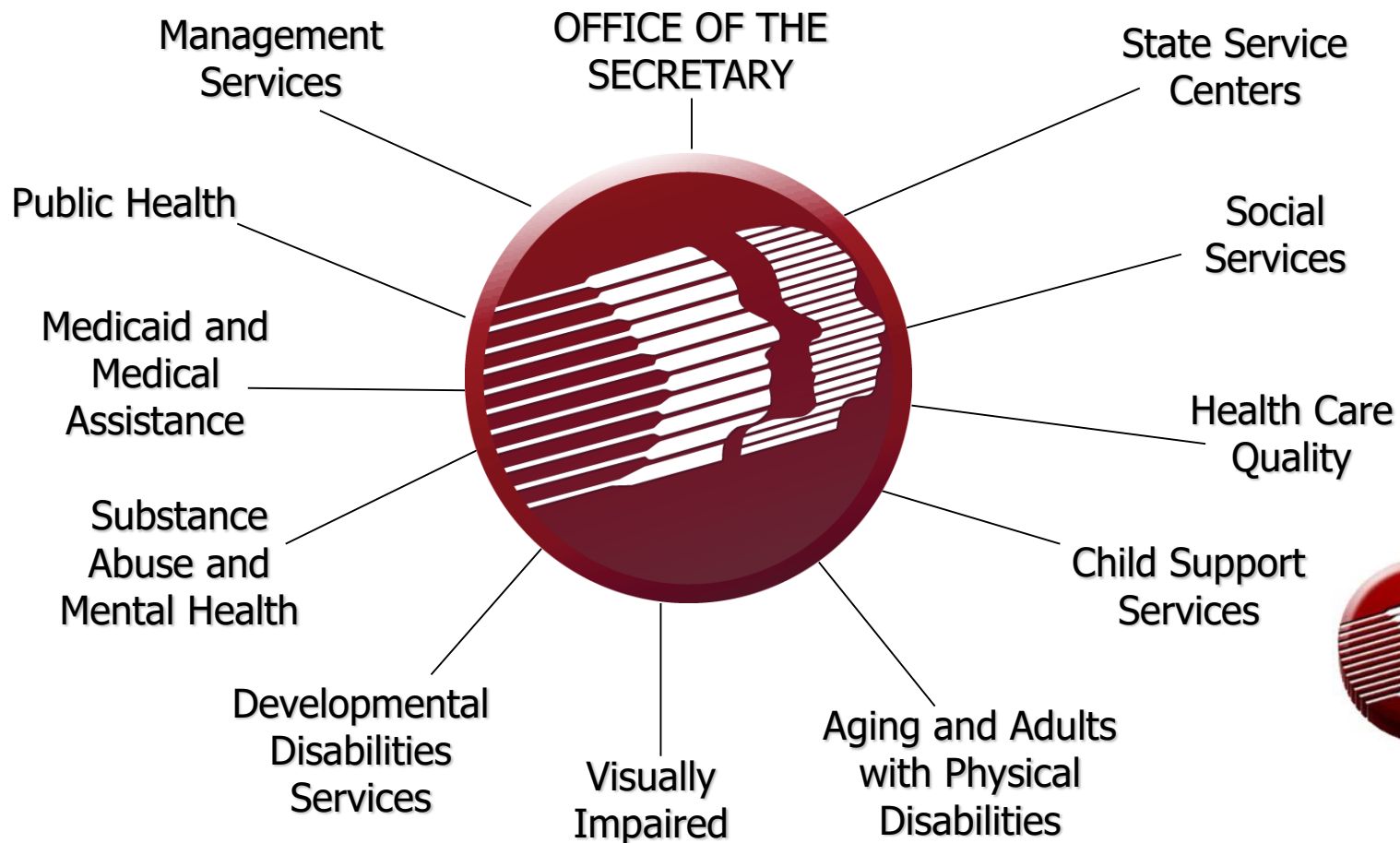

FISCAL YEAR 2020 JFC BUDGET HEARING



KARA ODOM WALKER, MD, MPH, MSHS
CABINET SECRETARY

DEPARTMENT OF HEALTH AND SOCIAL SERVICES
February 19, 2019
JFC Hearing Room

DEPARTMENT OF HEALTH AND SOCIAL SERVICES



DHSS PRIORITIES

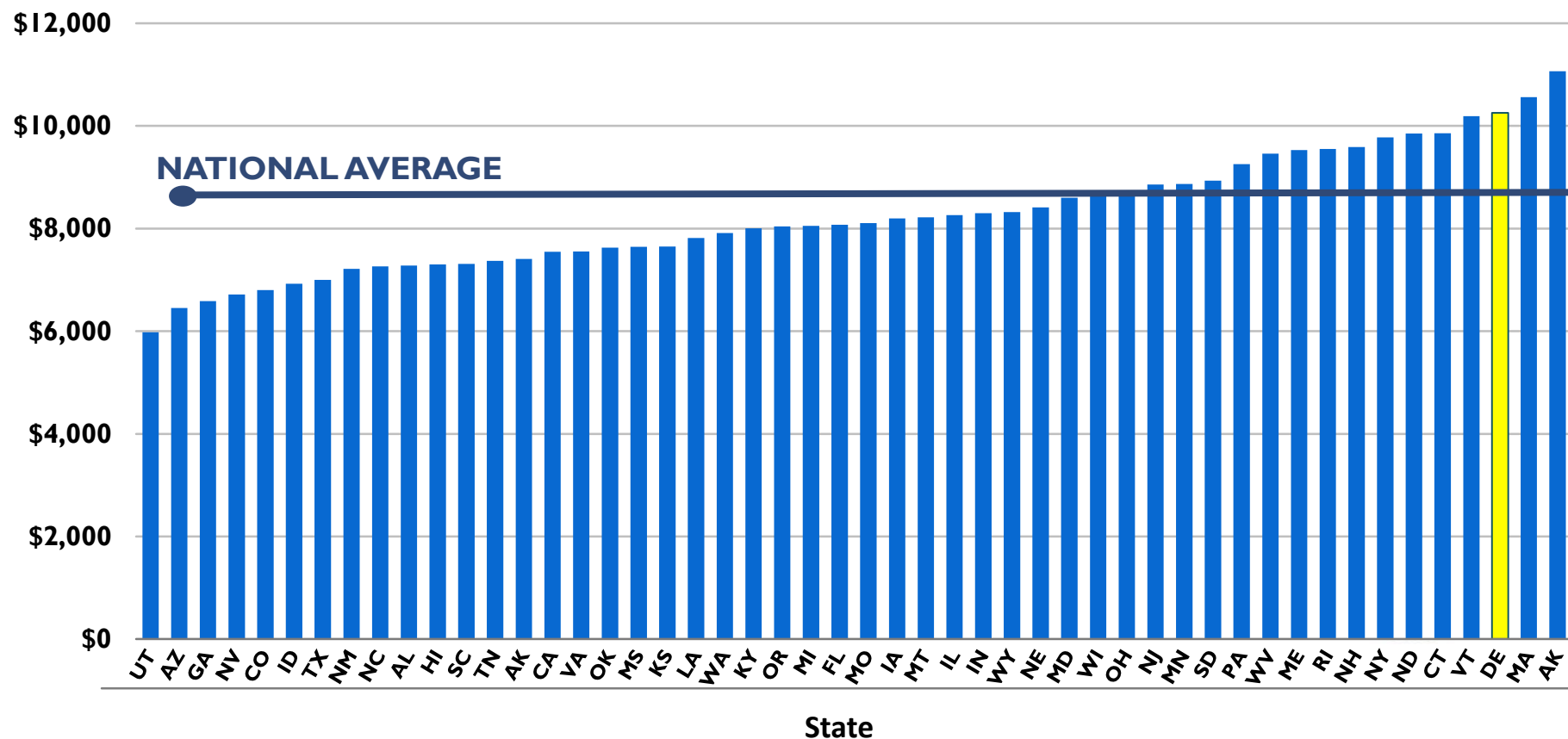




HEALTH CARE BENCHMARKS

DELAWARE SPENDS MORE ON HEALTH CARE THAN MOST OTHER STATES

PER CAPITA PERSONAL HEALTH CARE EXPENDITURES, 2014

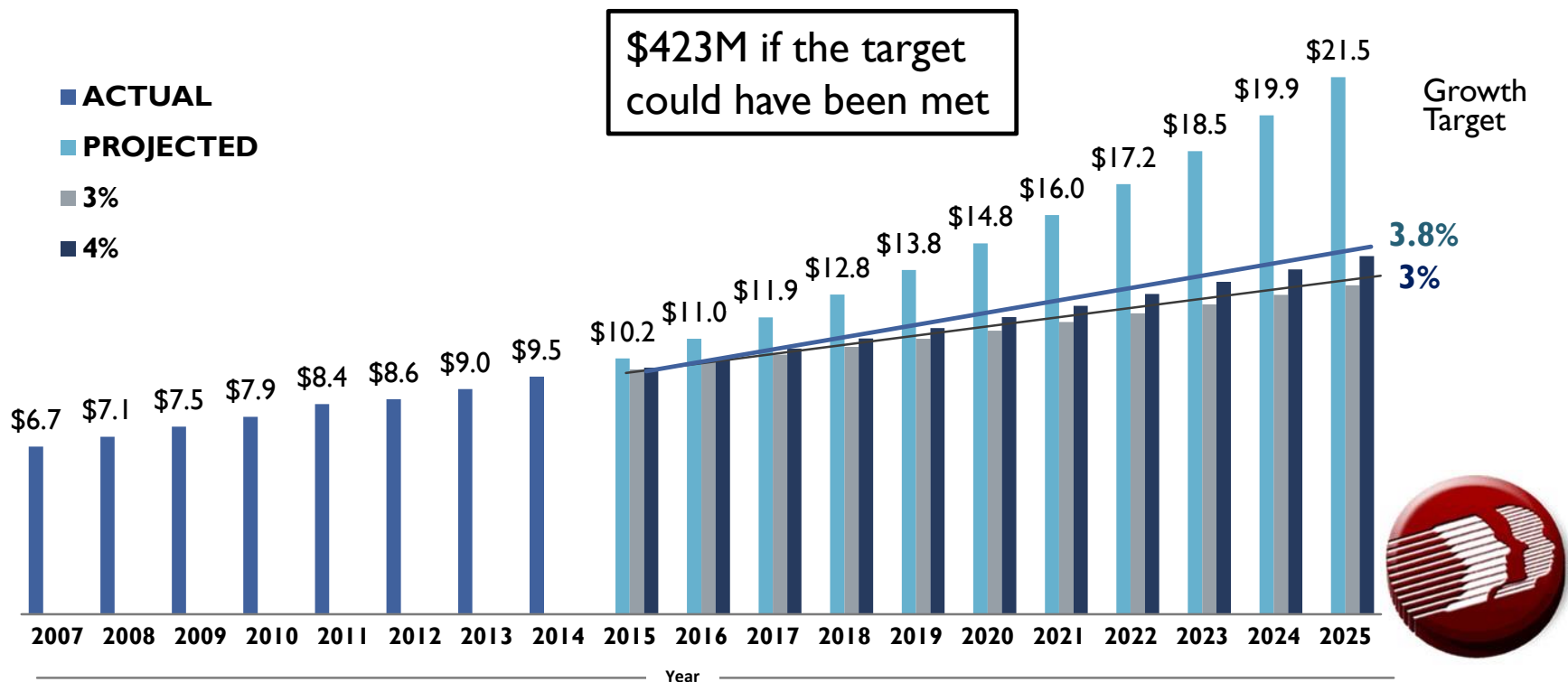


NOTE: District of Columbia is not included.

SOURCE: Centers for Medicare & Medicaid Services, *Health Expenditures by State of Residence*, CMS, 2017.

DELAWARE'S TOTAL HEALTH SPENDING WILL DOUBLE FROM 2014 TO 2025

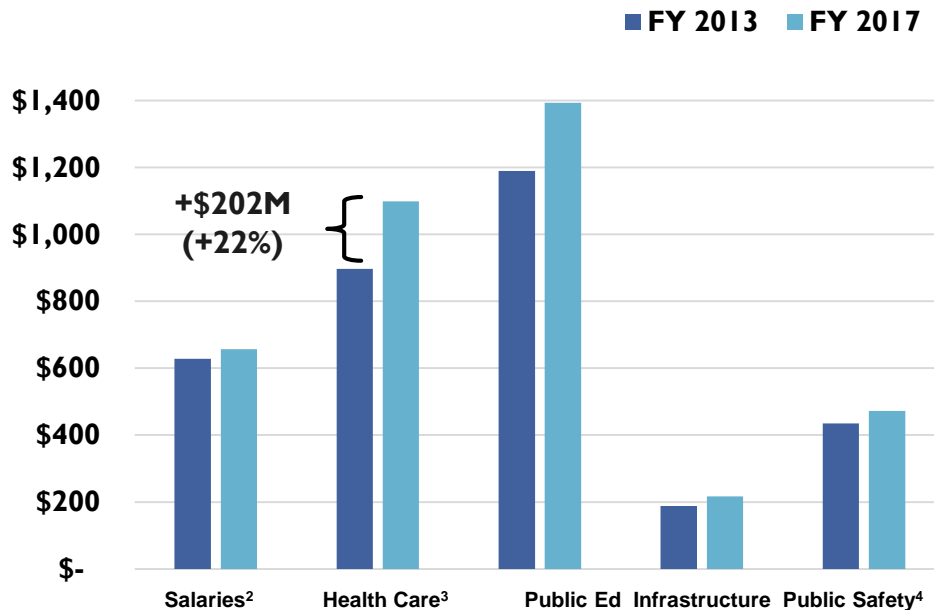
**DELAWARE'S ACTUAL AND PROJECTED PERSONAL HEALTH CARE EXPENDITURES, 2007-2025
(BILLIONS OF DOLLARS)**



SOURCE: Centers for Medicare & Medicaid Services, *Health Expenditures by State of Residence*, CMS, 2017;

STATE'S INCREASING HEALTH CARE COSTS

DELAWARE GENERAL FUND EXPENDITURES¹, FY2013 VS. FY2017



SOURCE: Delaware Office of Management and Budget; DEFAC Expenditure Reports.

1- Infrastructure funds reported from Transportation Trust Fund expenditures, not General Fund.

2- Salaries are not inclusive of public education salaries.

3- Healthcare includes employee health benefit expenditures and Medicaid expenditures.

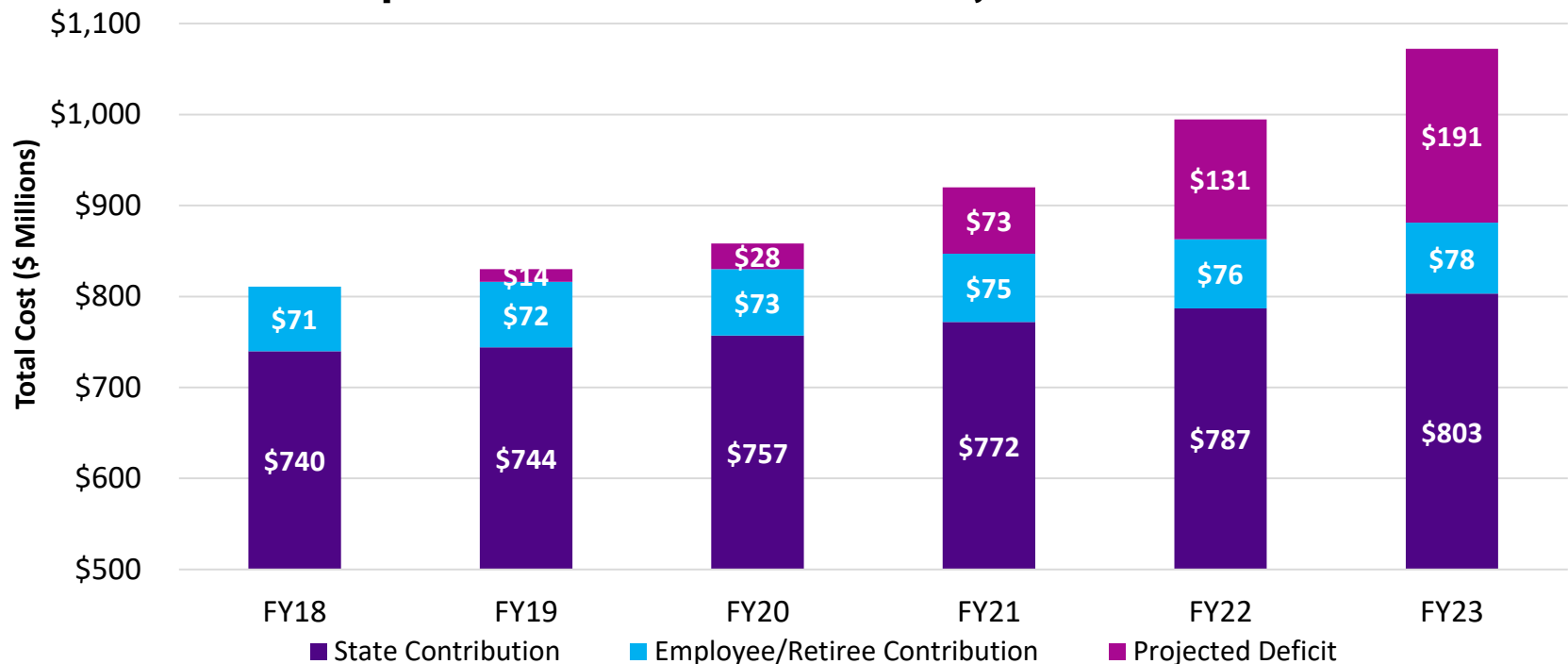
4- Public safety expenditures include expenditures by DSHS, DOC, and Youth Rehabilitative Services (DSCYF)

- During this same time frame, General Fund revenue collection has grown by just 7.6%.
- Health care costs now account for about **30% of the state's budget**.
- **Crowds out necessary investments in:**
 - Education
 - Public Safety
 - Infrastructure
 - Salaries



DELAWARE'S EMPLOYEE AND RETIREE HEALTH CARE COST PROJECTIONS

Group Health Insurance Plan Projected Cost



■ State Contribution

■ Employee/Retiree Contribution

■ Projected Deficit

Notes: FY18 total cost based on final reported FY18 premium contributions per June 2018 fund equity report, and FY18 budget rates and enrollment. FY19 total projected cost based on claims data for the period 1/1/2017-12/31/2018 weighted 35% earlier / 65% later period, estimated savings from expanded COE and site-of-care steerage implemented for 7/1/2018, 7.4% composite health care trend assumption, and enrollment as of December 2018. FY20-FY23 includes savings attributable to program changes (approved 2/11/2019) effective July 1, 2019, including site-of-care steerage, Highmark infusion therapy program and Livongo; assumes no additional program changes, 2% annual enrollment growth, and 5% annual health care trend (6% long term health care trend less 1% reduction for future initiatives); includes estimated excise tax liability starting calendar year 2022. FY19 and FY20 includes financial impact of legislative bills impacting GHIP (\$1.2m increase to FY19 budget and \$2.4m increase to FY20 projection).

GOVERNOR SIGNS EXECUTIVE ORDER 25 ESTABLISHING HEALTH CARE BENCHMARKS



HEALTH CARE SPENDING BENCHMARK

Executive Order (EO) 25

- EO 25 establishes a subcommittee of Delaware Economic and Financial Advisory Council (DEFAC) for setting the health care spending benchmark for calendar year 2019.
- The Subcommittee set the benchmark at 3.8% for 2019.
- For subsequent calendar years, the benchmark will be:
 - 2020: 3.5% per capita Potential Gross State Product (PGSP) growth rate
 - 2021: 3.25%
 - 2022: 3.0%
 - 2023: 3.0%



HEALTH CARE QUALITY BENCHMARKS

Initial quality benchmarks set for 2019 are to remain in place for three years and focus on:

- Ambulatory care sensitive emergency department visits
- Opioid-related overdose deaths
- Co-prescribed opioid and benzodiazepine prescriptions
- Adult obesity
- Tobacco use
- High school students who were physically active
- Statin therapy for patients with cardiovascular disease
- Persistence of beta-blocker treatment after a heart attack



HEALTH CARE BENCHMARKS: WHAT'S NEXT?

- **By May 31st of each year:** Delaware Economic and Financial Advisory Council (DEFAC) will report to the Governor and the Health Care Commission (HCC) on any changes to the spending benchmark approved by DEFAC.
- **4th quarter of each year:** HCC will report on the performance relative to the spending and quality benchmarks.
- **Ongoing:** HCC will engage providers and community partners in discussion – with the State and each other – about how to reduce variation in cost and quality, and to help the State perform well relative to each benchmark.

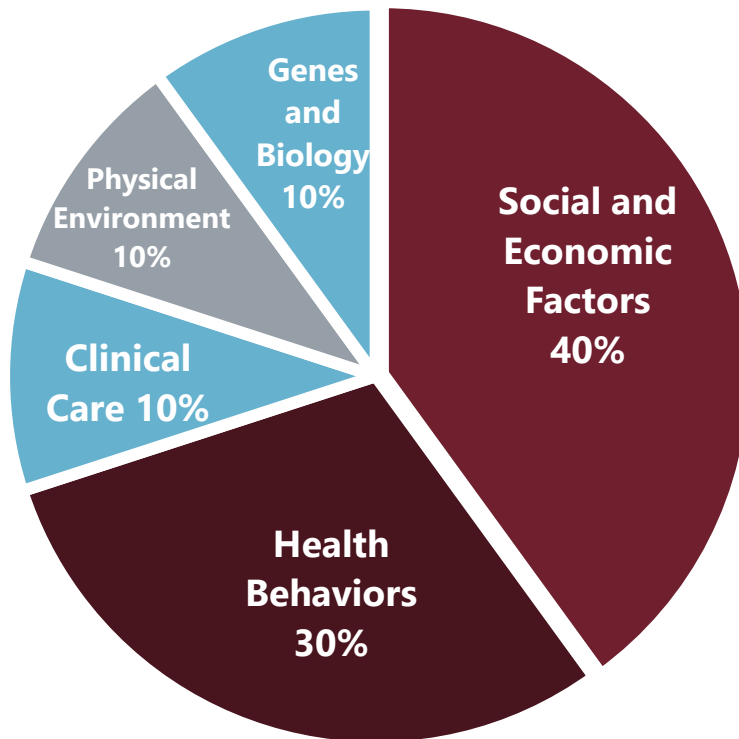




SOCIAL DETERMINANTS OF HEALTH

SOCIAL DETERMINANTS OF HEALTH

Determinants of Health



■ World Health Organization's (WHO) Necessary conditions for health

- Peace
- Shelter
- Education
- Food
- Income
- Stable eco-system
- Sustainable resources
- Mobility
- Social justice and equity



Determinants of Health Model based on frameworks developed by: Tarlov AR. *Ann N Y Acad Sci* 1999; 896: 281-93; and Kindig D, Asada Y, Booske B. *JAMA* 2008; 299(17): 2081-2083.

World Health Organization. Ottawa charter for health promotion. International Conference on Health Promotion: The Move Towards a New Public Health, November 17-21, 1986 Ottawa, Ontario, Canada, 1986. Accessed July 12, 2002 at <<http://www.who.int/hpr/archive/docs/ottawa.html>>.

DETERMINANTS OF HEALTH SPENDING

Determinants

Social
Circumstances
40%

Healthy
Behaviors
30%

Environment
10%

Genetics
10%

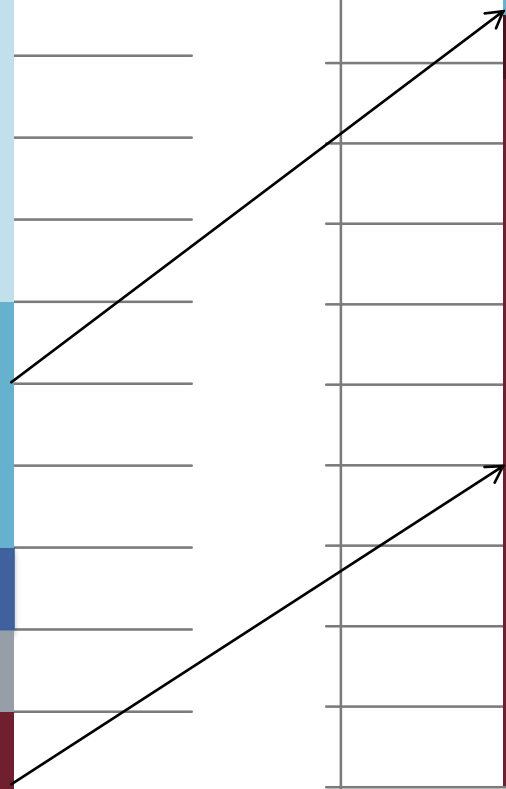
Access to
Care 10%

National Health Expenditures

Prevention 4%

Other, 8%

Medical
Services
88%





ADDICTION RESPONSE

JOHNS HOPKINS RECOMMENDATIONS

- In April 2017, Secretary Walker asked researchers from Johns Hopkins Bloomberg School of Public Health to review Delaware's treatment system and make recommendations to strengthen it.
- In July 2018, the Johns Hopkins team issued its recommendations:
 - Increase the capacity of the treatment system
 - Engage high-risk populations in treatment
 - Create incentives for quality care
 - Use data to guide reform and monitor progress



DHSS LAUNCHED SUBSTANCE USE TREATMENT AND RECOVERY TRANSFORMATION (START)





MARKET RATE STUDIES

UNDERSTANDING THE NEED IN KEY AREAS



Purchase of Care Providers

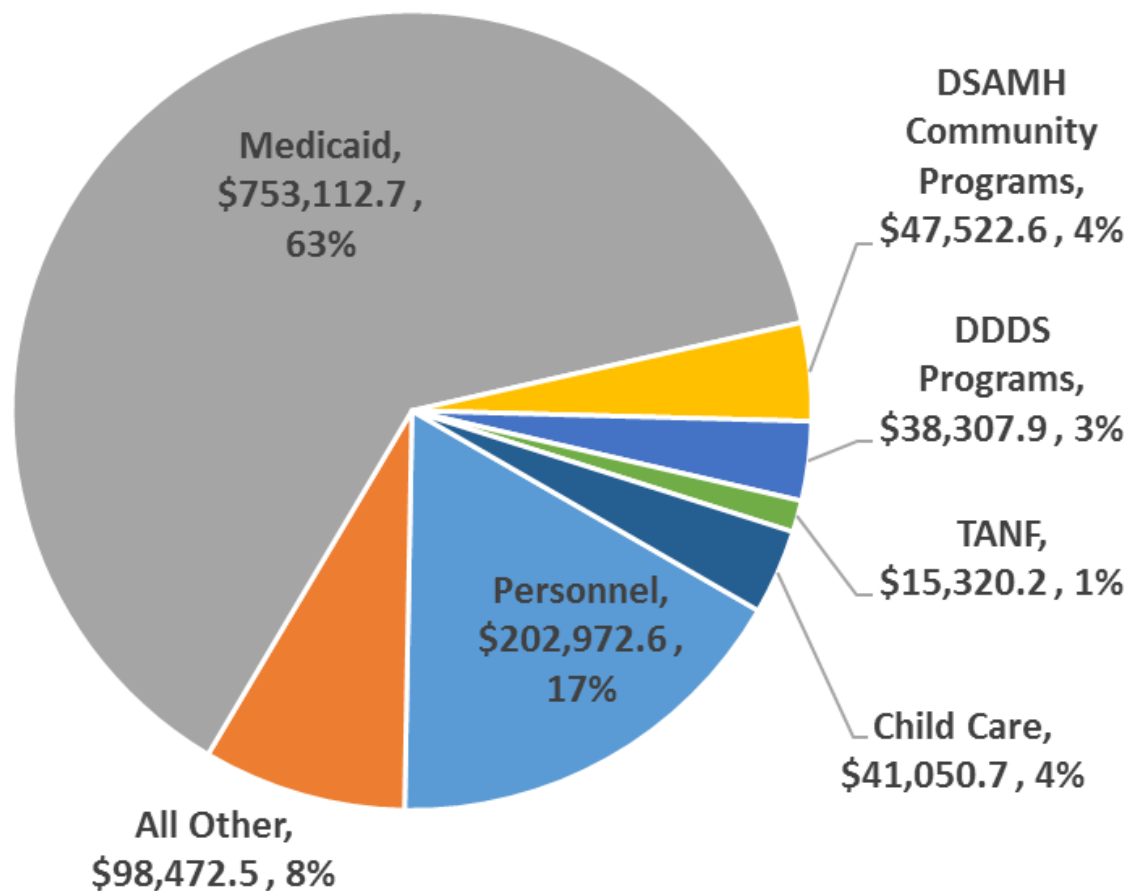


Direct Support Professionals



FY 2019: OUR FISCAL REALITIES

DHSS FY 2019 Budget



FY 2020 GOVERNOR'S RECOMMENDED BUDGET



	GF	ASF
FY 2019 Budget	\$1,196,759.2	\$144,150.4
FY 2020 Request	\$1,238,781.3	\$144,763.9
% Change	+3.5%	+0.4%

FY 2020 Funding Requests	\$\$
FY 2020 Door Openers	\$32,469.4
Core Services Growth	\$7,728.7
Behavioral Health & Addictions	\$1,825.0
Business Operations & Continuity	\$2,049.4
Efficiency & Sustainability	\$682.8

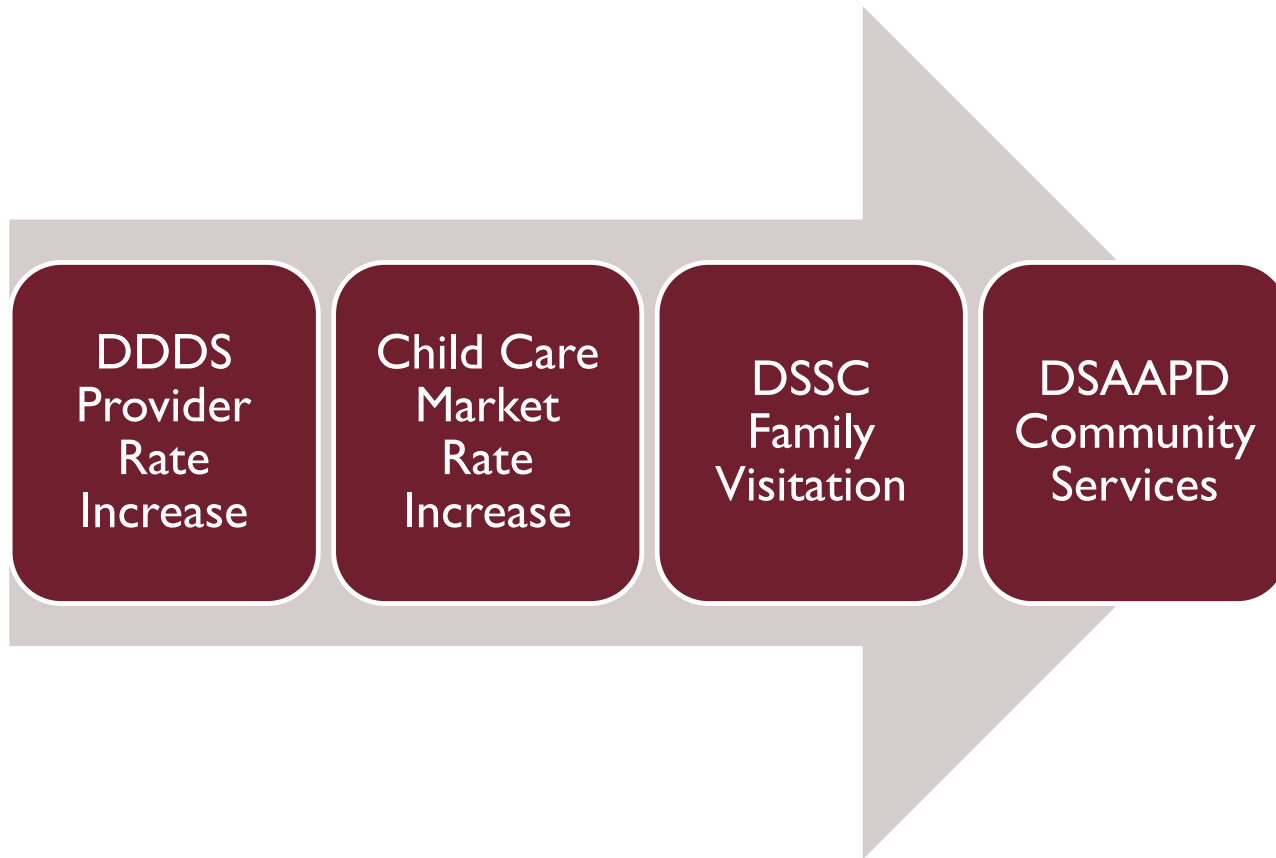


FY 2020 GOVERNOR'S RECOMMENDED BUDGET: DOOR OPENERS - \$32.5 MILLION

- Salary Contingency
- Medicaid & DHCP Growth
- DDDS – Community Placements
- DDDS School Graduates
- DVI Educational Services
- Purchase of Care
- Birth to Three Program
- DSAMH Community Housing Supports
- Delaware Contraceptive Access Now (CAN)
- Lease Escalators



FY 2020 GOVERNOR'S RECOMMENDED BUDGET: PROGRAM GROWTH - \$7,728.7



FY 2020 GOVERNOR'S RECOMMENDED BUDGET: BEHAVIORAL HEALTH & OPIOID EPIDEMIC - \$1,825.0



- \$50.0 – Youth Prevention Education & Treatment
- \$100.0 – Naloxone Community Access
- \$125.0 – Medication-Assisted Treatment
- \$350.0 – Needle Exchange Expansion
- \$400.0 – Withdrawal Management
- \$800.0 – Level IV Recovery Homes



FY 2020 GOVERNOR'S RECOMMENDED BUDGET: BUSINESS CONTINUITY & SUPPORT - \$2,049.4

IT Solutions

- Electronic Health Records
- Disaster Recovery Solutions
- Information Technology Operations

Patient Care

- Incident Management
- Stockley Contractual Support



FY 2020 GOVERNOR'S RECOMMENDED BUDGET: SUSTAINABILITY & EFFICIENCY - \$627.8



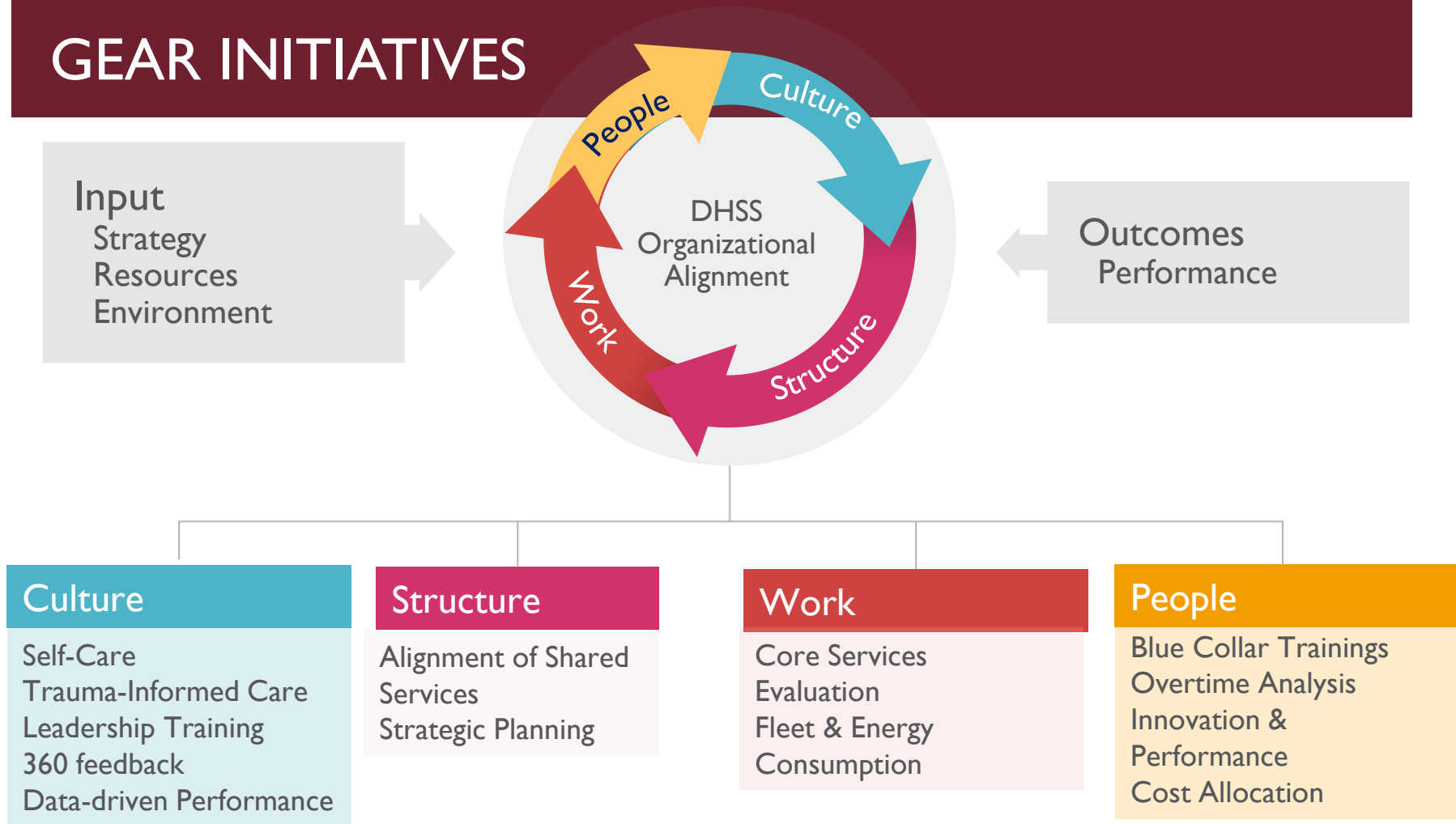
Health Care
Benchmark



Price Variation Analysis



GEAR INITIATIVES





THANK YOU